

INDIANA FINANCE AUTHORITY

VOLUME CAP GUIDELINES

GENERAL INFORMATION

Deadlines and Procedures

Originally executed applications for volume cap will be due by the last Monday of each month December through September. Fax copies will not be accepted. Based upon a review by the board of all projects submitted and the amount of volume cap remaining in each category, a cut-off score will be established each month, and requests for projects achieving or exceeding that score will be approved. Incomplete applications will not be considered. Each project will be limited to a maximum of \$10,000,000 in volume cap unless the project meets an exception to these guidelines. Decisions will be made at the board meeting next following the date the application was made and notifications will be forwarded in writing via fax immediately following the meeting at which an award is considered and in no case later than noon on the day following the board meeting. The meeting date at which volume is approved in a given deal will serve as the beginning of the 90-day window in which a transaction must close. Applicants whose projects are not approved for volume cap may reapply in a later month using a faxed reapplication form if nothing on the application has changed.

Fees

The fee for obtaining an allocation of volume cap is Five Hundred Dollars (\$500.00) for awards under \$5 million and One Thousand Dollars (\$1,000) for awards \$5 million or greater (the "Fee") per award of volume cap. The Fee is not due at the time of application but only after the applicant receives an award of volume cap. The Fee will be due in the office of the IFA by 5:00 p.m. ten days after the applicant receives facsimile notice that it received an allocation of volume cap. **SUCCESSFUL APPLICANTS WILL BE GIVEN THE FEE DUE DATE ON THEIR NOTIFICATION. FAILURE TO DELIVER THE FEE TO THE IFA WITHIN THE 10 DAY TIME PERIOD WILL VOID THE AWARD OF VOLUME. THE FEE IS NONREFUNDABLE.**

Limit on Volume Cap Awards

Each project is only eligible for one award of volume cap unless (1) the project is an exempt facility project requesting more than \$10,000,000 (see multi-year awards), or (2) the project receives partial funding at the end of a calendar year due to a lack of volume cap.

Notice of Issuance Deadline

For awards made in January through October, a notice of issuance must be filed within 90 days from the date the award is made or by the first Monday in December, whichever is earlier. For applications approved later in the year, a notice of issuance must be filed by the date specified by IFA in the award letter but in no case later than December 20. For applications approved after December 20, a notice of issuance must be filed by December 31.

Failure to Use Awarded Volume Cap by Deadline

Applicants that do not use an award of volume cap within 90 days from the date the application is approved and do not inform IFA of their intent not to use it within 10 days of receiving the award are ineligible to apply for another award of volume cap until the month following the applicant's original expiration date.

If a notice of issuance is for less than 85% of the amount of volume cap awarded, the award of volume cap for that project is void.

Annual Reporting

Borrowers will be required to report to IFA annually for three years following a bond issue certain information as related to a given project and information related to the Borrower's ongoing operations. Such information shall be due to the IFA no later than the February 15 of a given calendar year. Failure to report annually may result in disqualification from future use of the volume cap program.

Carry forward

Issuers must submit applications for carry forward by the second Monday of January. Decisions will be made by the last Monday in January.

Miscellaneous

If any of the events referred to in these guidelines falls on a day on which IFA is closed for business, the event shall occur on the next business day. All applications and notices must be received by IFA no later than 5:00 P.M. on the day due.

Application forms will be available through IFA. These guidelines may be modified from time to time in order to promote the effective use of volume cap and the efficient administration of the volume cap program.

MANUFACTURING AND EXEMPT FACILITY PROJECTS

These guidelines apply to manufacturing bonds, exempt facility bonds and exempt facility bonds which are related to new or expanding manufacturing facilities where jobs are being created or retained. IFA will use as a goal the approval of 10% of the State's manufacturing volume each month; however, actual approvals may total more or less than this amount.

Applications for Manufacturing and Exempt Facility Projects Related To Manufacturing Facilities will be scored in accordance with the following criteria:

Job quantity and quality (115 possible points)

Number of new and retained Indiana jobs (40 possible points)

- 1 - 11 (4 points)
- 12 - 22 (8 points)
- 23 - 33 (12 points)
- 34 - 44 (16 points)
- 45 - 55 (20 points)
- 56 - 66 (24 points)
- 67 - 77 (28 points)
- 78 - 88 (32 points)
- 89 - 99 (36 points)
- 100+ (40 points)

Average hourly wages of new and retained jobs (50 possible points)

_____Average hourly wage of company (without benefits)

_____Average hourly wage of county

_____/_____=_____=_____% ____ above
company county
wage wage ____ below

- less than 5% above county average wage (10 points)
- 5% - 10% above county average wage (20 points)
- 10% - 15% above county average wage (35 points)
- more than 15% above county average wage (50 points)

Number of professional employees (25 possible points)

- 1 - 10 (5 points)
- 11-25 (10 points)
- 27-40 (15 points)
- 41-55 (20 points)
- 56+ (25 points)

Investment Leverage (80 possible points)

\$ capital investment/job created (20 possible points)

$$\frac{\text{capital}}{\text{\# of jobs}} = \underline{\hspace{2cm}}$$

- \$0 - \$124,999 (2 points)
- \$125,000 - \$249,999 (8 points)
- \$250,000 - \$374,999 (14 points)
- \$375,000 and above (20 points)

OR

\$ capital investment/job retained (20 possible points)

$$\frac{\text{capital}}{\text{\# of jobs}} = \underline{\hspace{2cm}}$$

- \$0 - \$ 99,999 (2 points)
- \$100,000 - \$199,999 (8 points)
- \$200,000 - \$299,999 (14 points)
- \$300,000 and above (20 points)

Amount of new capital investment on this project (1point for each million – max 10 points)

\$ volume cap/job (created and retained) (50 possible points)

$$\frac{\text{volume}}{\text{\# of jobs}} = \underline{\hspace{2cm}}$$

- \$150,000 and above (5 points)
- \$100,000 - \$149,999 (20 points)
- \$50,000 - \$99,999 (35 points)
- below \$50,000 (50 points)

County demographics (100 possible points)

County unemployment rate (5-year average) (50 possible points)

- Upper 23 counties (50 points)
- Second 23 counties (35 points)
- Third 23 counties (20 points)
- Lower 23 counties (5 points)

County per capita income (5-year average) (50 possible points)

- Upper 23 counties (5 points)
- Second 23 counties (20 points)
- Third 23 counties (35 points)
- Lower 23 counties (50 points)

Other factors (35 possible points)

- * Is the project located on a brownfield site?
- * Workforce investment (for example: exceptional commitment to training, education, opportunities for advancement, safety, environmental safety, etc.)
- * Orientation toward new products, processes, or markets
- * Corporate Headquarters in Indiana
- * Significant use of Indiana vendors
- * High growth company employing highly skilled workers with high wages (as defined in IC 4-4-10.9-9.5)
- * Significant number of jobs state-wide

Small Bond Pool

Applicants requesting \$2 million or less in volume cap which score below the cutoff score for a month but achieve a score of at least 70% of the cutoff score for that month will be eligible for a small project pool. The IFA may, but is not required to, utilize up to \$4 million dollars of Manufacturing Volume Cap per month for projects in the small project pool. Awards will be made from the pool in order of overall score.

Multi-year commitments or awards for manufacturing projects

Commitments

Applicants with eligible projects which seek more than the \$10,000,000 per project/per year volume cap limit may apply for a two-year or a three-year volume cap commitment from the Authority. Multi-year commitments will be limited to a maximum of \$10,000,000 per year/per project for a maximum of three years. Applicants must qualify for an award of volume cap by dividing job creation/retention and investment estimates by the number of years for which they seek volume cap. Applicants that achieve a score of 300 or greater under the Volume Cap Guidelines (using divided numbers) may receive a multi-year commitment for volume cap upon demonstrating that the project is of unique or special continuing benefit to the State of Indiana. An applicant's multi-year volume cap award will not be adversely affected by any subsequent changes to the Volume Cap Guidelines unless such changes are as a result of a change in the Internal Revenue Code regarding the volume cap program.

Applicants which receive a multi-year volume cap award must file updated economic development information (as requested by the Authority) prior to receiving subsequent year allocations. The volume cap commitment for subsequent years may be revoked by the Authority if job creation/retention, wage and other economic development goals are not

achieved. A notice of issuance must be filed within 60 days from the date the subsequent year allocation is approved.

The Authority's total outstanding obligations for multi-year commitments to all applicants may not be more than 15% of the total amount available in the State in any given calendar year for manufacturing projects.

Awards

Applicants that do not qualify for an up-front volume cap commitment may apply in successive years for additional volume cap awards by noting their intent to do so in a cover letter with their application. Multi-year awards will be limited to a maximum of \$10 million per year/per project for a maximum of three years and will not be guaranteed up-front; applicants must reapply and compete each year. Applicants' job creation and investment numbers will be divided by the number of years for which they wish to apply.

EXEMPT FACILITY PROJECTS

Exempt facility projects which are not eligible as manufacturing or not-for-profit utility projects will be eligible to apply for volume cap (1) after the regular October manufacturing award if IFA determines that substantial volume is available, or (2) carry forward. Such projects may be considered at an earlier date, if the demand for other types of projects has been met and IFA determines that substantial amounts of volume cap still are available. However, for calendar year 2006, the application submission deadline for such exempt facilities projects is September 12, 2006.

Applications for Exempt Facility Projects which are not eligible as manufacturing or not-for-profit utility projects will be scored in accordance with the following criteria:

Job quantity and quality (100 possible points)

Number of new and retained Indiana jobs (40 possible points)

- 1 - 11 (4 points)
- 12 - 22 (8 points)
- 23 - 33 (12 points)
- 34 - 44 (16 points)
- 45 - 55 (20 points)
- 56 - 66 (24 points)
- 67 - 77 (28 points)
- 78 - 88 (32 points)
- 89 - 99 (36 points)
- 100+ (40 points)

Average hourly wages of new and retained jobs (60 possible points)

- less than 5% above state average wage (10 points)
- 5% - 10% above state average wage (20 points)
- 10% - 15% above state average wage (35 points)
- more than 15% above state average wage (60 points)

Investment Leverage (40 possible points)

\$ volume cap / # jobs created and retained (20 possible points)

- below \$124,999 (20 points)
- \$125,000 - \$249,999 (15 points)
- \$250,000 - \$374,999 (10 points)
- \$375,000 and above (5 points)

\$ capital investment / \$ volume cap (20 possible points)

- 1 times (5 points)
- 2 times (10 points)
- 3 times (15 points)
- 4 times or more (20 points)

Permanent Air Pollutant Reduction (80 possible points)

Total of VOCs, NOX, and PM2.5 permanent reductions

- cumulative reduction of 10 tons per year (10 points)
- cumulative reduction of 25 tons per year (20 points)
- cumulative reduction of 50 tons per year (50 points)
- cumulative reduction of 100 tons per year (70 points)

SOX permanent reduction

- cumulative reduction of 10 tons per year (2 points)
- cumulative reduction of 25 tons per year (3 points)
- cumulative reduction of 50 tons per year (7 points)
- cumulative reduction of 100 tons per year (10 points)

Non-Attainment Effects (40 possible points)

Location (SEE APPLICATION FOR WEB LINK)

Non-Attainment County
Project is located in a non-attainment county (25 points)

Adjacent Counties
Project county is adjacent to a non-attainment county (5 points)

Emission Credits

Applicant expects to sell credits as a result of this project (10 points)
See Annual Reporting requirement guideline.

New Technology (70 possible points)

Use of Indiana Coal

Percent of feed stock which will be Indiana coal

> 80% (20 points)

61% to 80% (15 points)

41% to 60% (10 points)

21% to 40% (5 points)

Implementation of New Technology or Process

Implements a significant amount of new technology (50 points)

Implements some new technology (35 points)

Implements very little new technology (20 points)

Other factors (70 possible points)

- * Significant use of Indiana vendors
- * Corporate Headquarters in Indiana
- * Describe the Applicant's dedication to workforce investment
(exceptional commitment to training, education, opportunities for advancement, etc)
- * Orientation toward new processes
- * Innovative environmental or workplace safety practices
- * High growth company employing highly skilled workers with high wages
(IC4-4-10.9- 9.5)
- * Ancillary impacts associated with the project
- * Favorable impacts of Project on the project county

OTHER PROJECTS

Multi-Family Housing

The timing of volume cap award cycles will correspond with the application deadline for the Indiana Housing & Community Development Authority's (HCDA) Rental Housing Tax Credit Program. Developments will be limited to a maximum of \$20,000,000 in volume cap, and each developer will be limited to a maximum of \$40,000,000 in volume cap in a calendar year. Escrow closings will not be permitted.

Applicants who are awarded volume cap must file a notice of issuance within 150 days from the date the application is approved or by the first Monday in December, whichever is earlier.

Applications will be scored by the HCDA in accordance with the criteria established by the HCDA in its most current Qualified Allocation Plan (QAP), which is incorporated by reference into these guidelines. The HCDA's most current QAP can be found at www.indianahousing.org.

Empowerment Zone/Enterprise Community Projects

Issuers for projects located in a federally-designated Empowerment Zone or Enterprise Community may apply for an award of volume cap. Applicants must use the volume cap application for manufacturing projects and must provide any other information reasonably requested by the IFA. Applications will be evaluated by IFA as received based on the economic development benefits of the project and the amount of volume cap remaining. A notice of issuance must be filed within 60 days from the date the application is approved or by the first Monday in December, whichever is first.

Agricultural Bonds

The IFA will utilize up to \$10 million of its volume cap per calendar year for qualified agricultural bonds. These include exempt facility bonds for agricultural projects. IFA may utilize this volume cap for other purposes if demand has not been strong in this area.

501(c)(12) Exempt Facilities

Water and sewer utilities which are organized as 501(c)(12) not-for-profit corporations may apply for volume cap and will be evaluated based upon the number and types of existing property owners who will be served by the project and demand in other areas for volume cap. Refer to submission deadlines for due dates. Decisions will be made by the first Monday of each month following submission of application. Each project will be limited to a maximum of \$10,000,000 in volume cap.

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